

Amendment No. 1 to SB1502

**Watson
Signature of Sponsor**

AMEND Senate Bill No. 1502

House Bill No. 1366*

by deleting all language after the enacting clause and substituting instead the following:

SECTION 1. Tennessee Code Annotated, Title 8, Chapter 27, Part 2, is amended by adding the following as a new section:

(a) As used in this section, "plan" means the basic health plan described in § 8-27-202(a)(1).

(b) In an effort to reduce plan rates, beginning with the 2020 plan year, the state insurance committee shall contract with an entity that provides each enrollee with online information on the cost and quality of healthcare services and providers, allows an enrollee to shop for healthcare services and providers in accordance with the plan, and rewards an enrollee by sharing savings generated by the enrollee's choice of healthcare services or providers. The contract must require the entity to:

(1) Establish an internet-based, consumer-friendly platform that educates and informs enrollees about the cost and quality of healthcare services and providers, including the average amount paid in each county for healthcare services and providers. The average amounts paid for healthcare services and providers may be expressed for service bundles, which include all products and services associated with a particular treatment or episode of care, or for separate and distinct products and services;

(2) Allow enrollees to shop for healthcare services and providers in accordance with the plan using the cost and quality information provided on the internet-based platform described in subdivision (b)(1);

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(3) Allow enrollees to shop for healthcare services and providers in neighboring states in accordance with the plan when the quality of the services is the same or better than the quality of the services offered in this state and the cost savings justify the travel as determined by the state insurance committee by rule;

(4) Permit a certified bargaining agent of state employees to provide educational materials and counseling to enrollees regarding the internet-based platform described in subdivision (b)(1);

(5) Identify the savings realized to the enrollee and this state if the enrollee chooses high-quality, lower-cost healthcare services or providers, and facilitate a shared savings payment to the enrollee. The amount of shared savings must be determined by a methodology approved by the state insurance committee and must maximize value-based purchasing by enrollees. The amount payable to the enrollee must first be credited to the enrollee's deductible, coinsurance, copays, or other out-of-pocket costs and then may be:

(A) Credited to the enrollee's flexible spending account;

(B) Credited to the enrollee's health savings account; or

(C) Paid as additional plan reimbursements not exceeding the amount of the enrollee's out-of-pocket medical expenses.

(c) On or before January 1, 2021, and on or before January 1 each year thereafter, the state insurance committee shall report to the governor, the speaker of the

senate, and the speaker of the house of representatives on the participation level, the amount paid to enrollees, and cost-savings to both the enrollees and the state resulting from the implementation of subsection (b).

(d) In an effort to reduce plan rates:

(1) Beginning with the 2020 plan year, the state insurance committee shall competitively procure an independent benefits consultant;

(2) The independent benefits consultant must not:

(A) Be owned or controlled by a health maintenance organization or insurer;

(B) Have an ownership interest in a health maintenance organization or insurer; or

(C) Have a direct or indirect financial interest in a health maintenance organization or insurer;

(3) The independent benefits consultant must have substantial experience in consultation and design of employee benefit programs for large employers and public employers; and

(4) The independent benefits consultant shall:

(A) Provide the state insurance committee with an ongoing assessment of trends in benefits and employer-sponsored insurance that affect the plan;

(B) Conduct a comprehensive analysis of the plan, including available benefits, coverage options, and claims experience;

(C) Identify and establish appropriate adjustment procedures necessary to respond to any risk segmentation that may occur when increased choices are offered to employees;

(D) Assist the state insurance committee with the submission of any necessary plan revisions for federal review;

(E) Assist the state insurance committee in ensuring compliance with applicable federal and state rules and regulations; and

(F) Assist the state insurance committee in preparing recommendations for any modifications to the plan that are submitted to the governor, the speaker of the senate, and the speaker of the house of representatives by January 1, 2021, and by January 1 each year thereafter.

SECTION 2. Tennessee Code Annotated, Section 8-27-202, is amended by adding the following as a new subsection:

(d) Beginning in the 2020 plan year, the basic health plan described in subdivision (a)(1) must establish an alternate allowable charges schedule that allows an enrollee to utilize the services of any licensed medical provider in the United States without being penalized with out-of-network cost sharing charges except as provided in the alternate allowable charges schedule. The allowable charges schedule must be the medicare payment schedule plus seventy-five percent (75%) of the cost of the service provided. If there is no medicare payment rate for a particular service, then the allowable charges schedule for that particular service is one hundred forty percent (140%) of the cost of the service provided.

SECTION 3. The state insurance committee is authorized to promulgate rules to effectuate the purposes of this act. Rules must be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

SECTION 4. For purposes of promulgating rules, this act shall take effect upon becoming a law, the public welfare requiring it. For all other purposes, this act shall take effect July 1, 2019, the public welfare requiring it.